THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

Date: 12/13/2017

GAIN Report Number: SP1742

EU-28

Citrus Annual

Expected decline of EU-28 citrus production

Approved By:
Lisa Allen, Agricultural Attaché

Prepared By:
FAS Madrid, Agricultural Specialist

Report Highlights:
MY 2017/18 EU-28 citrus production is projected to reach 10.8 MMT, meaning a decline of 8.5 percent when compared to previous year. The reduction is due to a decrease in production expected in the main EU-28 citrus regions. Spain, the main EU-28 citrus producer, expects 12 percent lower citrus production than previous year with 6.2 MMT. Italy, the second major EU-28 citrus producer, is expecting also 7 percent decrease in citrus production with 2.9 MMT. The climate conditions experienced, drought, high temperatures and citrus cycle are the main reasons for this drop. Due to this reduction, EU-28 orange juice production is also expected to decline. New strategic markets for EU-28 citrus exports continue to be China, Middle East and Canada. Citrus trade between the United States and the EU-28 follows a downward trend except for EU-28 lemons.

Disclaimer: This report presents the outlook for citrus production, trade, consumption, and stocks for the EU-28. Unless stated otherwise, data in this report are based on the views of Foreign Agricultural Service analysts in the EU-28 and are not official USDA data.

This report would not have been possible without the valuable contributions from the following Foreign Service analysts:
Ornella Bettini FAS/Rome covering Italy
Dimosthenis Faniadis FAS/Rome covering Greece
Tania De Belder FAS/USEU Brussels
Carmen Valverde FAS/Madrid covering Spain and Portugal

Harmonized System (HS) Codes:
Oranges 080510
Tangerines/Mandarins 080520, 080521, 080522, 080529
Lemons 080550
Grapefruits 080540
Orange Juice 200911, 200912, 200919

MY	**Marketing year:**
Oranges	October/September
Tangerines	October/September
Lemons	October/September
Grapefruits	October/September
Orange Juice	October/September

Abbreviations used in this report:

CAP	Common Agricultural Policy
CMO	Common Market Organization
EC	European Commission
EU	European Union
FAS	Foreign Agricultural Service
FCOJ	Frozen Concentrated Orange Juice
GTA	Global Trade Atlas
MS	EU Member State
MT	Metric ton (1,000 kg)
MMT	Million Metric Tons
PS&D	Production, Supply and Demand
USD	U.S. Dollar

Commodities

ORANGES

Table 1: Area (Hectares), Supply and Distribution (Metric Tons)

Oranges, Fresh	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	287,793	287,239	286,576	287,229		284,494
Area Harvested	270,989	274,508	270,140	269,131		267,666
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	6,241	6,038	6,012	6,779		6,258
Imports	972	973	980	993		990
Total Supply	7,213	7,011	6,992	7,772		7,248
Exports	319	319	300	293		295
Fresh Dom. Consumption	5,608	5,406	5,377	5,988		5,631
For Processing	1,286	1,286	1,315	1,491		1,322
Total Distribution	7,213	7,011	6,992	7,772		7,248
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Sources: FAS Madrid

PRODUCTION

EU orange production is concentrated in the Mediterranean region. Spain and Italy represent 80 percent of the EU's total production of oranges. The remaining 20 percent is distributed among other Member States (MS), such as Greece and Portugal. For MY 2017/18, EU-28 orange production is forecast at 6.2 MMT, meaning 7.7 percent lower than MY 2016/17, because of the decreased production expected mainly in Spain and Italy due to unfavorable weather conditions affected by drought, high temperatures and lack of rains during spring and summer.

Spain is the primary orange producer in the EU-28. According to the latest data from the Spanish Ministry of Agriculture, Fisheries, Environment and Food (MAPAMA), Spain's MY 2017/18 orange production is forecast at 3.2 MMT, a decrease of 11 percent compared to the previous campaign due to unfavorable conditions, the drought experienced in Spain and the reduction of citrus area. Fruit quality and fruit sizes are expected to be good due to the last rains occurred during fall season. The main Spanish orange producing areas are the Regions of Valencia and Andalusia accounting for approximately 90 percent of Spanish orange production. Spanish producers try to cover the whole marketing year by growing both *early* and *late* varieties to extend the fruit availability. *Naveline, Navel, Navelate, Salustiane, Valencia and Sanguinello* are the leading orange varieties grown in Spain. Several consecutive years of an economic crisis in the orange sector has led to abandonment of orange production and substituting it with more profitable production.

Italy's MY (marketing year) 2017/18 campaign is forecast to be exceptional from the organoleptic standpoint, despite a 10 percent production reduction due to the summer drought that affected the Italian peninsula. However, the rains occurred at the end of September in the main producing regions helped mitigate the drought effects, while guaranteeing a high quality product. Fruit sizes are forecast to be medium.

Italy's MY 2016/17 orange production recovered from MY 2015/16 thanks to rainfall in September and October 2016 that proved particularly beneficial for fruit sizes and quality that is reported to be excellent. Furthermore, the introduction of new varieties and rootstocks of great quality enabled Italy to extend the production calendar.

Orange production in Greece and Portugal is expected to increase by 4.7 and 11 percent respectively.

Table 2. Major EU Fresh Orange Production by Volume in MT

Country	MY 2015/16	MY 2016/17	MY 2017/18
Spain	3,086,800	3,654,800	3,247,900
Italy	1,753,000	1,915,000	1,725,000
Greece	920,072	916,697	960,000
Portugal	246,000	266,000	299,000
Cyprus	32,800	26,450	26,000
Total Production	**6,038,672**	**6,778,947**	**6,257,900**

Source: FAS offices

CONSUMPTION

In the EU-28 oranges are mainly consumed fresh. Late varieties are destined to both processing and fresh markets. Due to a reduction in production, fresh and processed consumption may be reduced in MY 2017/18. Spain's per capita orange consumption is estimated at approximately 20 kg. In Spain, most oranges are consumed fresh, especially *Navelina* and *Navelate* varieties. *Valencia Late* varieties are predominantly used in processing. In Italy, late varieties (*Ovale* and *Valencia*) are destined to both processing and fresh markets. Greece's MY 2017/18 orange consumption is expected to remain flat. Most oranges are consumed fresh through open markets and grocery stores. Domestic consumption is expected to increase during the summer months as a result of increased tourism arrivals, increasing also fresh fruit demand.

TRADE

The EU-28 is a net importer of oranges. During MY 2016/17, the EU-28 imported 993,081 MT of oranges or almost 2 percent higher compared to previous season and valued at USD 736 million, 10.6 percent higher than previous year. South Africa and Egypt continued to be the leading suppliers to the EU-28 market, followed by Morocco which experienced a growth of 68 percent and Argentina. On May 27, 2014, the Plant Health Standing Committee of the European Commission decided to increase the control measures on South African citrus exports to the EU-28. This result in EU-28 orange imports from South Africa are following a downward trend in the last 2 years while EU-28 orange imports from Egypt and Morocco continues to show an upward trend. EU-28 orange imports in MY 2017/18 are expected to remain flat.

During MY 2016/17, the EU-28 exported 293,225MT of oranges or 8 percent less compared to previous year and valued at USD 232 million, 5 percent more, mainly to Switzerland, Serbia and Norway. China, with an 83 percent growth in MY 2016/17, is now the forth market of EU-28 oranges mainly coming from Spain. Countries in Middle East such as Saudi Arabia and United Arab Emirates also experience important growths importing Spanish oranges. To compensate for the loss of the Russian market, the EU-28 has reoriented their orange exports to new markets such as China, Saudi Arabia or United Arab Emirates. EU-28 orange exports to Canada continue to follow an upward trend. EU-28 orange exports in MY 2017/18 are expected to remain flat.

Spain is the major European orange producer and exporter of oranges within the EU-28 with 1.6 MMT in MY 2016/17. The main market is other EU-28 countries, with 91 percent of their total exports of oranges. Exports of Spanish oranges to China have experienced important increases in the last 3 years, reaching until October/August 2016/17 18,300 MT or 81percent more compared to the same period of previous year. Meanwhile, Spanish exports of oranges to Saudi Arabia, United Arab Emirates and Canada continue to follow an upward trend.

Italy is a net importer of oranges, mainly coming from Spain and South Africa. Instead, Greece is a net exporter of oranges. In MY 2016/17, Greece exported 298,419 MT of oranges, a decrease of 32.8 percent after the previous year’s 10-year record increase, mainly to other Member States. Greece’s MY 2016/17 orange imports reached 5,762 MT, mainly from South Africa (1,526 MT), and Egypt (1,140 MT).

Table 3: EU-28 Imports of Oranges by Origin in MT

Country of Origin	MY 2014/15	MY 2015/16	MY 2016/17
South Africa	461,835	431,961	386,061
Egypt	192,925	266,829	284,394
Morocco	83,297	69,888	117,827
Argentina	40,875	46,346	41,630
Others	148,769	158,842	163,169
Total Imports	**927,701**	**973,866**	**993,081**

Source: Global Trade Atlas (GTA).

Table 4: EU-28 Exports of Oranges by Destination in MT

Country of Destination	MY 2014/15	MY 2015/16	MY 2016/17
Switzerland	61,226	66,208	63,066
Serbia	38,163	41,252	29,485
Norway	27,931	32,411	29,213
China	2,893	10,010	18,297
Saudi Arabia	7,148	9,678	16,580
Others	159,467	159,468	156,611
Total Exports	**298,828**	**319,027**	**293,225**

Source: GTA

ORANGE JUICE

Table 5: Production, Supply, and Demand (Brix 65)

,.Orange Juice	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	1,286,000	1,286,000	1,315,000	1,491,000		1,322,000
Beginning Stocks	15,000	15,000	15,000	15,000		15,000
Production	99,693	99,693	101,941	115,585		102,484
Imports	777,824	778,020	775,000	682,357		680,000
Total Supply	892,517	892,713	891,941	812,942		797,484
Exports	52,049	52,043	50,000	63,429		65,000
Domestic Consumption	825,468	825,670	826,941	734,513		717,484
Ending Stocks	15,000	15,000	15,000	15,000		15,000
Total Distribution	892,517	892,713	891,941	812,942		797,484
(MT)						

Source: FAS Offices

PRODUCTION

MY 2017/18 EU-28 orange juice production is forecast at 102,484 MT, a decrease of 11 percent compared to the previous year as less oranges are expected to be processed, mainly due to overall decrease of orange production. The total volume of oranges channeled to processing depends on crop quality and quantity of oranges destined for the fresh market, both domestic and foreign.

CONSUMPTION

While orange juice is the most popular juice within the EU-28, it competes with other non-alcoholic drinks and juices made from other fruits. The EU-28 is experiencing a reduction of orange juice consumption in the last years due to the competition of other drinks. In MY 2017/18 EU-28 orange juice consumption is forecast to continue this downward trend. The convenience of orange juice is reflected in its better adaptation to modern consumption habits than whole fresh oranges. Fourteen countries within the EU-28, among them Spain, are developing a promotional campaign called "*Fruit Juice Matters*" (www.fruitjuicematters.eu) to increase the fruit juice consumption and perception. In Spain the promotional campaign with private funds is called "Zumo *de Fruta en Serio"* developed by ASOZUMOS, the Spanish Association of Fruit Juice.

TRADE

The EU-28 is a net importer of orange juice. During MY 2016/17, the EU-28 imported 682,357 MT of orange juice, valued at approximately USD 1.4 billion. Brazil confirmed to be the leading supplier to the EU-28 market, representing nearly 90 percent of total imports, followed by Mexico, the United States and South Africa. The United States held 2 percent of the total imports, valued at USD 33.5 million dollars, which was an almost 13 percent drop from the previous year.

In MY 2016/17, the EU-28 exported 63,429 MT of orange juice, valued at USD 159 million, with Saudi Arabia, Japan, Switzerland and Algeria as the main destinations. Russia and China have experienced important growths importing EU-28 orange juice in MY 2016/17. In addition, in MY 2016/17 EU-28 orange juice exports to the United States reached 2,609 MT valued USD 8 million.

In MY 2017/18 EU-28 orange juice imports are expected to continue following a downward trend while increasing EU-28 orange juice exports.

Table 6: EU-28 Imports of Orange Juice by Origin in MT (Brix 65)

Country of Origin	MY 2014/15	MY 2015/16	MY 2016/17
Brazil	811,594	699,669	591,065
Mexico	19,507	21,548	34,373
United States	17,760	17,184	15,070
South Africa	11,826	12,074	6,280
Others	28,925	27,544	35,568
Total Imports	**889,614**	**778,020**	**682,357**

Source: GTA

Table 7: EU-28 Exports of Orange Juice by Destination in MT (Brix 65)

Country of Destination	MY 2014/15	MY 2015/16	MY 2016/17
Saudi Arabia	5,448	6,522	5,981
Japan	5,448	5,781	5,250
Russia	2,196	2,628	5,071
Switzerland	3,420	3,515	4,086
Algeria	3,732	3,105	3,317
China	1,872	2,230	3,263
Others	27,754	28,262	36,460
Total Exports	**49,870**	**52,043**	**63,429**

Source: GTA

TANGERINES/MANDARINS

Table 8: Production, Supply, and Demand (MT)

Tangerines/Mandarins, Fresh	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	158857	158,957	157627	156,474		157,116
Area Harvested	151445	146,708	151037	142,448		143,296
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	3076	3,081	3231	3,432		2,974
Imports	422	423	430	450		450
Total Supply	3498	3,504	3661	3,882		3,424
Exports	250	250	240	236		250
Fresh Dom. Consumption	2976	2,983	3063	3,274		2,905
For Processing	272	271	358	372		269
Total Distribution	3498	3,504	3661	3,882		3,424
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Source: FAS Offices

PRODUCTION

MY 2017/18 EU-28 tangerine production is forecast to decrease from the previous year by 13 percent, reaching almost 3 MMT, because of the decline expected in the main producing areas of Spain and Italy, due to unfavorable weather conditions affected by drought and high temperatures during spring and summer.

According to the latest data from the Spanish Ministry of Agriculture, Fisheries, Environment and Food (MAPAMA), Spain's MY 2017/18 tangerine production is forecast to decrease by 18 percent compared to the previous campaign due to weather conditions and the drought experienced in Spain, reaching almost 2 MMT . Late rainfalls could improve the fruit sizes. Spain's main tangerine-producing areas are the Regions of Valencia, Andalusia, and Catalonia. New *early* and *late* varieties continue being developed to extend the fruit availability. Official data of tangerine area cultivated in Spain have been updated.

Italy's tangerine production consists of over 80 percent seedless clementines and nearly 20 percent mandarins. Calabria, Sicily, and Apulia are Italy's main tangerine-producing areas. *Comune* or *Oroval* and *Monreal* are the leading clementine varieties grown in the country. *Avana* and *Tardivo di Ciaculli* are the chief mandarin cultivars. Italy's MY 2017/18 tangerine production is forecast to decrease by 5 percent compared to the previous campaign due to the summer drought that affected the Italian peninsula. Fruit sizes are forecast to be medium. Italy's MY 2016/17 tangerine production went slightly up by 1.3 percent thanks to rainfall in September and October 2016 that proved particularly beneficial for fruit sizes and quality that is reported to be excellent.

Greece's MY 2016/17 tangerine production is expected to increase 20.1 percent comparing to the previous year, due to satisfactory fruit setting. The Peloponnese area is the main producing region in Greece and *Clementine* is the major tangerine variety grown; new plantations include *Nova*, *Page* and *Ortanique* varieties. The tangerine production in Portugal for MY 2017/18 is expected to remain flat.

Table 9: EU-28 Fresh Tangerines Production by Country and Year (MT)

Country	MY 2015/16	MY 2016/17	MY 2017/18
Spain	2,018,422	2,382,073	1,938,237
Italy	818,000	829,000	787,550
Greece	161,502	145,709	175,000
Portugal	39,000	41,000	40,000
Cyprus	44,000	34,000	34,000
Total Production	**3,080,924**	**3,431,782**	**2,974,787**

Source: FAS Offices

CONSUMPTION

EU-28 tangerines are mainly consumed fresh. MY 2017/18 EU-28 fresh tangerine consumption and for processing are forecast to decrease in line with the decline in production. Spain is the major consumer of tangerines in the EU-28 both fresh and for processing. Italy and Portugal also consume large quantities of clementines and mandarins. Greece also consumes fresh clementines mainly along the west coast.

TRADE

The EU-28 is a net importer of tangerines. During MY 2016/17, the EU-28 imported 450,929 MT of tangerines meaning 6.5 percent more than previous year, valued at USD 516 million. Morocco and South Africa continue to be the leading suppliers to the EU-28 market, followed by Israel, Peru and Turkey. Imports from the United States in MY 2016/17 decreased 16 percent valued at almost USD 5 million. During MY 2016/17, the EU-28 exported 5.5 percent fewer tangerines with 236,193 MT valued at USD 198 million, mainly to Switzerland, Ukraine, Belarus and Norway. Exports to the United States, coming mainly from Spain, in MY 2016/17 decreased 27 percent to 17,000 MT, continuing the downward trend of the last years. New alternative markets in third countries such as Canada, China, UAE and Saudi Arabia continue to be important.

Spain, the leading EU tangerine producer and exporter, exported 8 percent less, reaching 1,374,384 MT of tangerines exported in MY 2016/17 (October/August), of which 93 percent was sent to other EU Member States. Spanish exports of tangerines to the United States continue in a downward trend since

2010, due to high competition with mandarins from Morocco and logistical issues. Instead, Spanish exports of mandarins to Middle East and Asia such as China and also Canada continue to be important strategic markets.

Table 10: EU-28 Imports of Tangerines by Origin in MT

Country of Origin	MY 2014/15	MY 2015/16	MY 2016/17
Morocco	98,442	140,373	157,545
South Africa	96,871	116,216	113,375
Israel	56,326	48,801	74,723
Peru	46,958	47,092	54,094
Turkey	40,958	48,417	34,400
Uruguay	10,313	6,354	4,318
United States	6,347	3,906	3,260
Others	11,073	12,074	9,214
Total Imports	**367,258**	**423,233**	**450,929**

Source: GTA

Table 11: EU-28 Exports of Tangerines by Destination in MT

Country of Destination	MY 2014/15	MY 2015/16	MY 2016/17
Switzerland	39,418	41,626	40,927
Ukraine	34,872	32,867	35,768
Belarus	45,535	28,121	27,737
Norway	24,349	23,666	23,277
Serbia	21,971	17,514	19,324
Bosnia & Herzegovina	17,842	14,591	19,032
United States	32,487	23,302	17,007
Canada	18,122	16,545	13,817
Others	52,050	51,689	39,304
Total Exports	**286,646**	**249,921**	**236,193**

Source: GTA

LEMONS

Table 12: Production, Supply, and Demand (MT)

Lemons/Limes, Fresh	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	71,990	73,353	71,331	73,504		72,817
Area Harvested	62,342	62,740	63,734	63,765		63,396
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	1,269	1,331	1,523	1,537		1,515
Imports	557	560	450	513		500
Total Supply	1,826	1,891	1,973	2,050		2,015
Exports	68	68	75	79		80
Fresh Dom. Consumption	1,532	1,580	1,599	1,687		1,650
For Processing	226	243	299	284		285
Total Distribution	1,826	1,891	1,973	2,050		2,015
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Source: FAS Offices

PRODUCTION

MY 2017/18 EU-28 lemon production is forecast to slightly decline by 1.4 percent reaching 1.5 MMT, due to the slight decrease of volume expected in Spain, the largest lemon EU-28 producer.

According to the latest data from the Spanish Ministry of Agriculture, Fisheries, Environment and Food (MAPAMA), Spain's MY 2017/18 lemon production is forecast at 967,900, a decrease of 2.8 percent compared to the previous year. *Fino* lemon is expected to increase by 12 percent due to the entry of new plantations in the last years. However, *Verna* lemon is expected to decrease by 40 percent due to high temperatures affecting flowering during May and June. Spain will continue to consolidate its leading commercial position in Europe with quality and sanitary guarantee. Spain is the second largest lemon producer in the world, after Argentina, maintaining the world leader position of lemon exports for fresh consumption, resulting in an efficient lemon production. Fruit quality is forecast to be satisfactory. Lemon production is concentrated in the regions of Murcia and Valencia, and the Provinces of Malaga and Almeria in Andalusia. *Fino* and *Verna* are the leading lemon varieties grown in Spain, accounting for 70 and 30 percent of the total production, respectively. The *Fino* variety is predominantly used in processing.

Italy is the second largest European lemon producer after Spain. Sicily is the main lemon-producing area, accounting for 86 percent of domestic production. *Femminello Commune* (*F. Zagara Bianca,* F.*Siracusano,* and *F. S.Teresa*), *Monachello,* and *Interdonato* are the leading lemon varieties grown in the country. Italy's MY 2017/18 lemon production is forecast to remain flat. In Greece, MY 2017/18 lemon production is expected to increase 8.6 percent due to good fruit setting and new plantings entering into production. The main lemon-producing areas include the prefectures of Achaia, Korinthos, Crete, and Laconia, located in southern Greece. The major lemon variety grown in Greece is *Maglini*, whose fruit is strongly aromatic, with quite a bitter juice. The early varieties *Interdonato* and *Eureka* are also grown in Greece.

Cyprus's and Portugal's MY 2017/18 lemon production is expected to remain stable according to Eurostat and to Portuguese official data, with normal fruit sizes and quality.

Table 13: EU-28 Fresh Lemons/Limes Production by Country and Year (MT)

Country	MY 2015/16	MY 2016/17	MY 2017/18
Spain	775,800	995,900	967,900
Italy	456,000	448,000	447,650
Greece	68,500	69,083	75,000
Portugal	16,000	16,000	16,000
Cyprus	15,000	8,000	8,000
Total Production	**1,331,300**	**1,536,983**	**1,514,550**

Source: FAS Offices

CONSUMPTION

EU-28 lemons are mainly consumed fresh. MY 2017/18 EU-28 fresh lemon consumption and lemons for processing are forecast to remain stable. EU-28 per capita lemon consumption stands at 2.7 kg. According to the industry, Spain has become the second global producer of processed lemons. Greece has become increasingly reliant on imported lemon juice to meet consumer demand for soft drinks.

TRADE

The EU-28 is a net importer of lemons. During MY 2016/17, the EU-28 imported 512,913 MT of lemons or 8 percent less, valued at USD 590 million or 30 percent decline compared to last year. Argentina, Turkey, and Brazil continue to be the leading suppliers to the EU-28 market, followed by South Africa and Mexico. During MY 2016/17, the EU-28 exported 78,965 MT of lemons, or 15 percent more, due to a rise in total supply, valued at USD 100 million or 2 percent more, mainly to Switzerland, Canada, Norway and Belarus. EU-28 lemon exports to the United States in MY 2016/17 experienced a growth, reaching 5,260 MT of lemons, mainly coming from Spain, following the upward trend of the last years. Spain in MY 2016/17 exported 28 percent more lemons than previous campaign due to a rise in Spanish lemon production, reaching almost 670,000 MT. confirming the leading commercial position of Spanish lemons, of which 94 percent was sent to other EU Member States.

Spanish strategic lemon markets outside the EU-28 continue to be Switzerland, Canada, United States, UAE and Brazil.

Table 14: EU-28 Imports of Lemons by Origin in MT

Country of Origin	MY 2014/15	MY 2015/16	MY 2016/17
Argentina	130,648	198,154	157,088
Turkey	78,839	115,296	102,117
Brazil	75,949	80,096	81,941
South Africa	40,787	61,979	77,568
Mexico	42,950	49,909	54,020
Others	29,928	55,264	40,179
Total Imports	**399,101**	**560,698**	**512,913**

Source: GTA

Table 15: EU-28 Exports of Lemons by Destination in MT

Country of Destination	MY 2014/15	MY 2015/16	MY 2016/17
Switzerland	18,888	18,532	21,229
Canada	10,878	5,674	7,381
Norway	6,112	6,375	7,289
Belarus	17,477	6,968	6,482
United States	4,882	1,854	5,260
Others	47,356	29,096	31,324
Total Exports	**105,593**	**68,499**	**78,965**

Source: GTA

GRAPEFRUIT

Table 16: Production, Supply, and Demand (MT)

Grapefruit, Fresh	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	3,045	3,045	3,043	3,037		3,047
Area Harvested	2,372	2,435	2,360	2,773		2,716
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	102	106	101	105		88
Imports	364	365	350	324		350
Total Supply	466	471	451	429		438
Exports	14	13	15	15		15
Fresh Dom. Consumption	434	438	417	395		408
For Processing	18	20	19	19		15
Total Distribution	466	471	451	429		438
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Source: FAS Offices

PRODUCTION

MY 2017/18 EU-28 grapefruit production is forecast to reach 88,579 MT, a decline of 16 percent compared to MY 2016/17, due to the significant production decrease projected in Spain, the main grapefruit producer. Spain's MY 2017/18 grapefruit production is forecast to decrease by 24 percent according to the industry due to an irregular flowering affecting most of the older grapefruit trees. Leading grapefruit producing areas include the Regions of Murcia, Andalusia, and Valencia. *Ruby Red* is the main grapefruit variety planted in Spain. Cyprus is the second largest grapefruit producer in the EU-28. *White Marsh Seedless*, mostly grown in the Limassol area, is the leading Cypriot grapefruit variety with a grapefruit production in MY 2016/17 expected to remain stable as in the rest of the main EU-28 grapefruit producers.

Table 17: EU-28 Fresh Grapefruit Production by Country and Year (MT)

Country	MY 2015/16	MY 2016/17	MY 2017/18
Spain	74,442	72,236	55,000
Cyprus	24,000	25,000	25,000
Italy	4,700	4,900	4,860
Greece	4,060	3,319	3,500
Portugal	200	200	210
Total Production	**107,402**	**105,655**	**88,579**

Source: FAS Offices

CONSUMPTION

EU-28 grapefruits are mainly consumed fresh with a consumption significantly surpassing grapefruit production. MY 2017/18 EU-28 fresh grapefruit consumption is forecast to be 408,000 MT. Grapefruits for processing is estimated to decrease due to the reduction in production, with Spain and Cyprus being the main grapefruit processors in the EU-28.

TRADE

The EU-28 is a net importer of grapefruits. During MY 2016/17, the EU-28 imported 324,654 MT of grapefruits or 11 percent lower compared to previous year, valued at USD 309 million. South Africa, China, Turkey and Israel were the leading suppliers to the EU-28 market, followed by the United States. Imports from the United States were valued at almost USD 30 million, meaning 21 percent decrease compared to previous year. During MY 2016/17, the EU-28 exported 15,015 MT of grapefruits or 11 percent more compared to previous year and valued at USD 15 million, mainly to Switzerland, Belarus and Ukraine.

Table 18: EU-28 Imports of Grapefruits by Origin in MT

Country of Origin	MY 2014/15	MY 2015/16	MY 2016/17
South Africa	90,406	91,327	96,011
China	76,639	86,203	95,732
Turkey	70,864	95,730	60,982
Israel	38,755	35,212	28,604
United States	38,270	31,422	23,868
Others	24,432	25,510	19,457
Total Imports	**339,366**	**365,404**	**324,654**

Source: GTA

Table 19: EU-28 Exports of Grapefruits by Destination in MT

Country of Destination	MY 2014/15	MY 2015/16	MY 2016/17
Switzerland	2,319	3,781	3,722
Belarus	3,405	2,536	2,314
Ukraine	1,276	1,404	1,743
Others	7,742	5,815	7,236
Total Exports	**14,745**	**13,536**	**15,015**

Source: GTA

EU Policy

The first part of the following policy section focuses on the new single Common Market Organization (CMO), which is part of the first pillar of the Common Agricultural Policy (CAP), and any other policy related issues that are relevant to the citrus fruit sector. The second part explains the EU measures that were taken in response to the Russian embargo.

I. EU Policy Related to Citrus Fruit

1. The New Common Agriculture Policy (CAP) Reform

The single Common Market Organization (CMO) provides a framework for market measures under the CAP, which is outlined in Regulation (EU) No 1308/2013 and entered into force on January 1, 2014. The CAP 2020 reform consists of four basic regulations, supplemented by delegated acts, and amends the implementing rules for the fresh and processed fruit and vegetables sectors (Commission implementing Regulation (EU) No 543/2011).

On June 1, 2017, Commission Delegated Regulation 2017/891 entered into force to increase the support for withdrawals for fruit and vegetable Producer Organizations (POs). The new framework also seeks to make POs more attractive to non-members, provide greater clarity about what actions are eligible for EU funding, and set a maximum percentage of 25 percent of produce that can be marketed outside the organization in order to create short supply chains whereby producers sell directly to consumers. It will also simplify and clarify legislation with regard to payments to transnational POs and their associations. POs can make use of the new provisions for the next programming period (2018).

These market measures under the CAP aim to:

a) Create a more competitive and market-oriented sector

Producer Organizations (POs) are still the key elements in the EU's CMO for fruit and vegetables. POs are legal entities established by producers to market commodities, including citrus fruit. EU subsidies are not paid to individual producers but instead channeled through POs. In order to qualify for EU subsidies, a PO must create an operational program financed through an operational fund. The EU's financial contribution is paid directly into each PO's operational fund. The calculation of the estimated amount of the operational fund is based on the operational program and the value of the marketed production. As of January 20, 2014, operational programs are approved under the Regulation (EU) No 1308/2013.

Fresh fruit and vegetable imports into the EU are checked for compliance with EU-harmonized marketing standards. These standards apply at all marketing stages and include criteria such as quality, size, labeling, packaging, and presentation. Commission Implementing Regulation (EU) No 543/2011 provides for a general marketing standard for all fresh fruits and vegetables. Specific marketing standards are still in place for ten products, including citrus fruit. The specific marketing standards are set out in Part B of Annex I to this Regulation: citrus fruit can be found in Part 2 of that same section (p.111).

b) Diminish crisis-related fluctuations in producers' income

To achieve this objective, EU funding is offered under the operational programs for:
- Product withdrawal
- Green harvesting/non-harvesting;
- Promotion/communication tools;
- Training measures;
- Harvest insurance;
- Assistance to secure bank loans, and support for administrative costs associated with setting up mutual funds.

National authorities must determine, in their national strategies, which of these instruments can be funded in their countries. POs may take out loans on commercial terms to finance crisis prevention and management measures. The repayment of the capital and the interest on those loans may be eligible for financial assistance under the operational programs of POs.

c) Encourage increased consumption of fruit and vegetables in the EU

The European "School Fruit Scheme" (SFS) originated in 2009 as a measure to combat child obesity and includes three elements: free distribution of fruit and vegetables in schools, information campaigns on healthy eating habits, and monitoring and evaluation.

Regulation EU No 2016/791 on the new School Scheme for Milk, Fruit and Vegetables went into effect on **August 1, 2017.** EU funds totaling $296 million (€250 million) was allocated in the school year 2017/2018 to all Member States (MS) that decided to participate in the program. Like in previous years, Finland and the United Kingdom opted out of the fruit and vegetables scheme, but they are participating in the milk scheme.

The sector may also benefit from the European promotion budget for agricultural products and quality schemes. The Commission reformed its promotion policy with an extension of the product scope and a greater focus on export markets. The current promotion budget of $76 million (€60 million) will increase annually until it reaches $255 million (€200 million) in 2020. National co-funding will no longer be needed and EU associations will be able to apply directly for a program.

d) Increase the use of environmentally friendly cultivation and production techniques

At least 10 percent of operational program funding must be spent on environmental actions that go beyond mandatory environmental standards. MS with recognized POs must draw up a National Framework for Environmental Action (NEF) as part of their "national strategy for sustainable operational program." The NEF must contain a non-exhaustive list of environmental actions and the conditions applicable to them in the MS concerned.

For information on the CAP after 2014, please see: http://ec.europa.eu/agriculture/cap-post-2013/index_en.htm

2. Certification of Fruit Shipments

Plant products need a phytosanitary certificate to be exported to the EU. Phytosanitary certificates issued by an APHIS inspector are required to accompany fruit and vegetable shipments. APHIS issues phytosanitary certificates in accordance with international regulations established by the International Plant Protection Convention of the Food and Agriculture Organization of the United Nations. This standard-setting body coordinates cooperation between nations to control plant and plant product pests and to prevent their spread.

Council Directive 2000/29/EC contains provisions concerning compulsory plant health checks. This includes documentary, identity, and physical plant health checks to verify compliance with EU import requirements. More information can be accessed on DG Health and Consumer Protection's website http://ec.europa.eu/food/plant/plant_health_biosecurity/non_eu_trade/index_en.htm

Commission Regulation 1756/2004 provides for plant health checks to be carried out at reduced frequency when justified. The list of products recommended for plant health checks at reduced levels was issued on October 22, 2015. On an annual basis, the Commission monitors imports of fruit and vegetables to determine how to adjust the frequency of testing consignments.

3. Maximum Residue Levels for Fruit

Maximum Residue Levels (MRLs) for pesticides, including import tolerances, have been harmonized throughout the EU since September 2008. As a marketing tool, some retail chains in the EU adopt private standards that exceed EU regulations by requiring their suppliers to adhere to stricter company policies that limit the maximum residues to 30, 50, or 70 percent of the respective EU MRL. Please find the link to the EU MRL database, as well as to the USDA MRL database for MRLs worldwide.

4. Tariffs

EU imports of fresh fruit and vegetables are subject to the Entry Price System (EPS), which has been in place in its current form since the Uruguay Round. A complex tariff system provides a high level of protection to EU producers. In this system, fruits and vegetables imported at or above an established entry price are charged an ad valorem duty only. Produce valued below the entry price are charged a tariff equivalent in addition to the ad valorem duty. The tariff equivalent is graduated for products valued between 92 and 100 percent of the entry price. The ad valorem duty and the full tariff equivalent are levied on imports valued at less than 92 percent of the entry price.

Tariff levels for 2018 are published in Commission Implementing Regulation 2017/1925. The tariffs for citrus fruit remain unchanged compared to the levels of 2014 and can be found on page 96 for oranges, tangerines, lemons, grapefruit and other citrus fruit, while the tariff for orange juice can be found on page 163.

The United States tends to sell high quality products at higher prices, which typically do not face additional duties.

5. EU's Decision on Citrus Canker

Commission Implementing Directive 2017/1279, published on July 14, 2017, amends the requirements set forth in Council Directive 2000/29/EC for citrus fruit exported from areas where *Xanthomonas citri* (Citrus canker) is known to exist. The previous regulation required certification that "no symptoms…have been observed in the field of production and in its immediate vicinity", which was overly burdensome and would require expensive and time-consuming inspections of entire groves. The new regulation, effective as January 1, 2018, instead requires that groves be appropriately managed and that the fruit be free of symptoms of canker. This change will greatly improve access for the billion-dollar Florida citrus industry to the EU market and will save U.S. citrus producers around $5.6 million per year. Industry estimates suggest U.S. citrus exports to the EU would rise by 25 percent or about $15 million during the first year.

II. Russian ban on agricultural products

On August 7, 2014, the Russian government implemented a ban for one year on a range of agricultural and food products, including citrus fruit, from the United States, the European Union (EU), Canada, Australia, and Norway, in response to U.S. and EU sanctions over Russian actions in Ukraine. The CMO rules (see Regulation 1308/2013 in part I) provide various market management tools to stabilize markets and the Commission is also empowered under the reformed CAP to take "exceptional measures" in case of market disruption. As such, the Commission introduced specific market support measures for the first time for citrus fruit, including oranges, mandarins, and clementines on September 29, 2014.

Commission Delegated Regulation (EU) 2017/1165 introduced the new aid scheme for fruit and vegetable producers as the ban continues through 2017. It extends the previous scheme but with a lower budget and ceilings for volumes to be withdrawn. As before, the Commission proposes an additional quantity of up to 2000 tons for all Member States to further stabilize the market. The aid for market withdrawals and free distribution entered into force on July 1, 2017, and producers of fruit and vegetables have until July 31, 2018, to apply for their allocation.

More information on the Commission's response to the Russian ban can be found here: http://ec.europa.eu/agriculture/russian-import-ban/index_en.htm